



Boardroom Brexit: What the deal means for business

BOARDROOM BREXIT

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By: Paul Hardy | Richard Bonnar | Richard Sterneberg | John Forrest | Gaurav Kapoor

The Final Deal

Welcome to this last edition of Boardroom Brexit, marking the end of the negotiations and the agreement of a new trade deal, the UK-EU Trade and Cooperation Agreement (TCA). In this edition, we summarise the impact of the deal on all aspects of business operations in one place – please use the hyperlinks below to help you navigate the report.

In addition, on Tuesday 5 January, we will be hosting a one-hour webinar with Lord Tyrie and several DLA Piper sector specialists, to review the key outcomes of the deal for businesses. More details of the event, including registration, can be found on our Brexit webpage.

In future, we will keep you informed of key developments in post-Brexit trade relations under the banner of our separate Trade Truths publication.

TCA overview

The TCA is very good news per se, simply because it is a manifestation of goodwill between the UK and the EU. This is singularly important. The appetite is now there to create closer practical ties based on the rudiments of the TCA. Contrast this to the poisoning of the well a no-deal would have created.

One immediate consequence of this goodwill is that the EU will allow **personal data** to be transferred to the UK for up to a further six months on current terms, pending an expected 'adequacy' decision. This avoids the existential scenario of all movement of personal data from the EU to the UK being unlawful, unless protected by additional safeguards. It would be an understatement to say that this comes as a huge relief to many businesses.

Goods: The deal on goods is very positive. There are no tariffs or quotas on any good crossing the UK/EU border. This is exceptional for a trade deal: no protectionism at all. The rules of origin are helpful to products which are part-manufactured in the UK and EU, e.g. cars – they won't be subject to tariffs when the finished product is exported from the UK to the EU and vice versa.

Where the goods deal is less helpful is that full regulatory approvals are still required for goods being imported into the EU or UK. These regulatory approvals are known as Technical Barriers to Trade (TBT). In certain sectors - automotive, chemicals, pharma, organic products and wine – the UK and EU have already agreed rules to lessen TBTs. There will no doubt be further efforts to reduce TBTs in other sectors.

Services: The deal on services is far thinner than on goods. This is not surprising, though, for two reasons. First, liberalisation of services has bedevilled WTO negotiations for decades. Third-country access to domestic services sectors is far more complex to implement, in terms of regulation by an international treaty, than third-country access for goods. Secondly, the UK was never going to re-create anything like the access that EU regulated services - such as financial, audio-visual, legal services and aviation, and unregulated services - such as digital - enjoyed in the EU's Single Market. Significant new barriers to market access for UK services in the EU were an inevitable corollary of Brexit.

Our approach to analysing the TCA

Given the length of the TCA and its broad coverage, we have not sought to summarise its full content. Rather, our approach has been to focus on those commercial issues that will have the greatest impact for our clients in the UK and the EU. As such, we have not covered areas such as law enforcement or security cooperation which, while important, are of less commercial relevance to clients. We have analysed the following areas of the TCA, accessible through the hyperlinks provided below:

- The view from the UK;
- The view from the EU;
- Trade in goods (covering tariffs and quotas; rules of origin; TBT; customs facilitations; and product standards);
- Transport (covering road transport and haulage; and aviation);
- Trade in services (covering financial services, mutual recognition of professional qualifications and legal services);
- Mobility (covering short-term business travel and social security);
- Intellectual property;
- Personal data and digital trade;
- State aid and competition;
- Level Playing Field;
- Energy and climate change;
- Funding and procurement (covering EU Funding Instruments and revised procurement rules);
- Fishing;
- Dispute resolution; and
- The UK and EU ratification and implementation processes

What next for UK-EU relations?

"What we call the beginning is often the end / And to make an end is to make a beginning." So said Ursula van der Leyen, the European Commission President, on completion of Brexit negotiations, quoting from TS Eliot's *Little Gidding*, the final quartet of his last great poem. Her words perfectly capture the defining trait of the TCA: it is a platform for further ambition in cross-border partnership between the UK and EU, rather than a ceiling on current ambitions. As our analysis demonstrates, there are many gaps to fill. We expect the TCA to form the basis of many years of further negotiations between the UK and EU.

AUTHORS



Paul Hardy

London | T: +44 (0)20 7349 0296 [UK Switchboard]
Paul.Hardy@dlapiper.com



Richard Bonnar

Partner
London | T: +44 (0)20 7349 0296 [UK Switchboard]
richard.bonnar@dlapiper.com



Richard Sterneberg

Partner

Brussels | T: + 32 (0) 2 500 1500

richard.sterneberg@dlapiper.com



John Forrest

London | T: +44 (0)20 7349 0296 [UK Switchboard]

John.Forrest@dlapiper.com
